

**MINUTES OF THE
PUBLIC UTILITIES AND TECHNOLOGY INTERIM COMMITTEE**
Wednesday, September 18, 2002 – 2:00 p.m. – Room 129 State Capitol

Members Present:

Sen. Leonard M. Blackham, Senate Chair
Rep. John E. Swallow, House Chair
Sen. Mike Dmitrich
Sen. John L. Valentine
Rep. Douglas C. Aagard
Rep. J. Stuart Adams
Rep. Ralph Becker
Rep. Chad E. Bennion
Rep. Eric Hutchings
Rep. Brent H. Goodfellow
Rep. Ty McCartney
Rep. Gordon E. Snow
Rep. Stephen H. Urquhart

Members Absent:

Sen. Scott K. Jenkins
Rep. Sheryl L. Allen
Speaker Martin R. Stephens
Rep. Michael R. Styler
Rep. David Ure

Staff Present:

Mr. Richard North, Research Analyst
Ms. Patricia Owen, Associate General Counsel
Ms. Jennifer Markham, Legislative Secretary

Note: A list of others present and a copy of materials can be found at <http://www.image.le.state.ut.us/imaging/history.asp> or by contacting the committee secretary, Jennifer Markham or Glenda Whitney, at 538-1032.

1. Call to Order

Chair Blackham called the meeting to order at 2:30 p.m.

2. Personal Information Protection

Ms. Owen provided an overview of federal and state laws that address disclosure of nonpublic personal information and distributed "Protection of Nonpublic Personal Information Examples of Federal and State Laws" which had previously been mailed to the Committee.

Rep. Aagard explained that he requested a review of the issue because several of his constituents had expressed concern regarding the privacy of nonpublic personal information. This review resulted in the proposed draft legislation "Protection of Nonpublic Personal Information." He distributed a copy of the draft legislation for discussion purposes and outlined the structure of the legislation.

Committee discussion followed.

3. Renewal Energy Requirements - Tax Credits, Wind Energy

A. Income Tax Credits

Ms. Owen summarized the income tax incentives for renewable energy systems in Utah and other states. She distributed "Renewable Energy Systems Income Tax Incentives Discussion Outline," "Renewable Energy Systems Tax Credit Certification Application Form," "State Tax Commission Form TC-40E,

Renewal Energy Systems Tax Credit," "State Income Tax Incentives for Renewable Energy," and "Table of Financial Incentives for Renewable Energy."

Mr. David Lochtefeld, Energy Engineer, Utah Office of Energy, Department of Natural Resources, stated that Utah participation in renewable energy systems has been small. He emphasized that there had never been any marketing or advertising, and that the public may not be aware of the program. Mr. Lochtefeld stated that to his knowledge the tax credit rate has not been adjusted for inflation. He suggested that the tax credit could be increased. Mr. Lochtefeld explained the different types of geothermal heat pumps and noted that the ground source heat pumps have not met the criteria accepted nationwide to qualify as a renewable energy source.

Mr. Orrin Farnsworth, Owner, Intermountain Solar Technologies, emphasized that the industry is still in its infancy and growing. He stated that rural customers benefit the most from this industry. He suggested adjusting the credit for inflation in order to grow the industry and address environmental concerns.

Mr. Robert Muscheck, a Utah resident, suggested a motion to increase the residential tax credit to \$50,000 for residential systems and \$10 million for business systems as an incentive for using renewal energy.

Ms. Sarah Wright, MSPH, Director, Utah Clean Energy Alliance, emphasized that the energy efficiency aspect should be reviewed as well as renewable energy tax credits.

Mr. Richard Flygare, representing the Mount Olympus Senior Center, stated that while heat pumps might not qualify as a renewal energy they should be considered based on the cost savings and decreased demand for energy.

The Committee requested that staff prepare a report for the next meeting on the type of energy efficiency programs that receive tax credits or other state incentives.

B. Renewal Energy Standard

The Chair noted that Rep. Gowans had been on the agenda today, but was absent due to his mother-in-law's funeral. Rep. Gowans requested that Ms. Christine Watson, Energy Engineer, Utah Energy Office, introduce the issue on his behalf.

Ms. Watson discussed the draft legislation being developed at the direction of Rep. Gowans which establishes minimum levels of renewal energy to be provided by utilities. She distributed "Renewable Portfolio Standard Bill," "What Renewable Energy Means to Texas," "Tax and Landowner Revenues from Wind Power," and "Utah Wind Potential."

Ms. Wright provided an overview of the renewable portfolio standard's role in Utah's energy future. She also distributed a copy of her presentation, "The Role of a Renewable Portfolio Standard in the Shaping of Utah's Energy Future."

Mr. Rich Collins, Associate Professor of Economics and Finance, Westminster College, discussed the economics in Utah of renewable energy such as wind or solar. He also compared renewable energy costs to the cost of traditional thermal-based generation. He stated that the benefits of renewable energy are price stability, risk mitigation, diversification of resources, environmental, health, and economic development. He emphasized the benefits are greater and the savings would be more if gas prices increase. He emphasized that a renewable energy standard would help secure the market for developers.

Mr. Rick Gilliam, Senior Policy Advisor, Land and Water Fund Energy Project, summarized the key elements of the renewable portfolio standard and provided copies of his presentation, "Renewal Portfolio Standard."

Committee discussion followed.

4. Energy Data Collection and Reporting

Rep. McCartney stated that as a result of the difficulty he had in obtaining energy information, he had requested Mr. North prepare a presentation outlining the issues and summarizing the options.

Mr. North described the method of energy data collection and how it is reported. He distributed a copy of his presentation "Energy Data Collection & Reporting."

Rep. McCartney recommended that links to all energy reports be provided to the Utah Energy Office.

Committee discussion followed.

Chair Blackham directed staff to prepare legislation that would have state agencies involved in energy data collection to work with the Utah Energy Office as discussed in Mr. North's presentation.

5. Adjournment

MOTION: Chair Blackham adjourned the meeting at 4:30 p.m.